TEXTILE INDUSTRY OF UZBEKISTAN

2020

Tashkent
STARTING POINT – 1932
SUCCESS IN 2019

INVESTMENT ACTIVITY

410
ENTERPRISES OF TEXTILE INDUSTRY

1330
ENTERPRISES OF GARMENT INDUSTRY

75+
COTTON – TEXTILE CLUSTERS

10+
ENGINEERING (MACHINERY) COMPANIES

NEW CAPACITIES

<table>
<thead>
<tr>
<th>YARN</th>
<th>KNITTED FABRIC</th>
<th>COTTON FABRIC</th>
<th>GARMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>41</td>
<td>11</td>
<td>80</td>
</tr>
<tr>
<td>thsd. tons</td>
<td>thsd. tons</td>
<td>Mln sq meters</td>
<td>Mln pieces</td>
</tr>
</tbody>
</table>

EXPORT – 2.2 billions

<table>
<thead>
<tr>
<th>YARN</th>
<th>KNITTED FABRIC</th>
<th>FABRICS</th>
<th>GARMENT</th>
<th>HOSIERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>48%</td>
<td>10%</td>
<td>17%</td>
<td>24%</td>
<td>1.2%</td>
</tr>
<tr>
<td>IMPLEMENTED INVESTMENT PROJECT</td>
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<tr>
<td><strong>396,3 thsd. tons</strong> Increase in cotton yield (unchanged areas)</td>
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<tr>
<td><strong>25%</strong> Increase in productivity from the clusters</td>
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<tr>
<td><strong>35–71 c/ha</strong> Productivity is higher than the last 10 years</td>
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<tr>
<td><strong>1,1 trln.sum</strong> savings</td>
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<tr>
<td><strong>376 mln. USD</strong> Export of 53 clusters</td>
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<tr>
<td><strong>42 projects</strong> in 29 clusters</td>
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<tr>
<td><strong>11,3 thsd. tn.</strong> KNITTED FABRIC</td>
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<tr>
<td><strong>32,2 mln. pc.</strong> READY PRODUCT</td>
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<tr>
<td><strong>37,5 mln. l.m.</strong> FABRIC</td>
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<tr>
<td><strong>More than 11 000</strong> created new jobs</td>
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<tr>
<td><strong>in 40 regions</strong></td>
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<tr>
<td><strong>376 mln. USD</strong> Export of 53 clusters</td>
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</tbody>
</table>
PRODUCTION
$4,25 bln USD

INVESTMENT
(ALL SOURCES OF FINANCING)
$484 mln USD

Redistribution structure of raw materials and semi finished products

<table>
<thead>
<tr>
<th>Domestic Market</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>28% (85,2 mln pcs)</td>
<td>18% (31,5K tons)</td>
</tr>
<tr>
<td>72% (219,1 mln pcs)</td>
<td>82% (143,4K tons)</td>
</tr>
<tr>
<td>62% (377K tons)</td>
<td>CANVAS</td>
</tr>
<tr>
<td>38% (231K tons)</td>
<td>43% (235,8 mln m²)</td>
</tr>
<tr>
<td></td>
<td>57% (312,8 mln m²)</td>
</tr>
<tr>
<td>HOSIERY AND SOCKS</td>
<td>35% (335,8 mln pcs)</td>
</tr>
<tr>
<td>YARN</td>
<td>65% (623,6 mln pcs)</td>
</tr>
<tr>
<td></td>
<td>35% (335,8 mln pcs)</td>
</tr>
<tr>
<td></td>
<td>65% (623,6 mln pcs)</td>
</tr>
<tr>
<td></td>
<td>42% (48 mln pcs)</td>
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<tr>
<td></td>
<td>58% (67 mln pcs)</td>
</tr>
</tbody>
</table>
57% Low conversion products (yarn)

- $880.9 mln
- 381000 tons of yarn
- 155 enterprises

43% Mid and high value added products (fabric, knitted fabric and products, sewing and hosiery)

- $660.3 mln
- 181000 tons of yarn
- 825 enterprises

Yarn

- 1kg = $2.3

Knitted products

- $79.3 mln
- 1kg = $3.2

Knitted canvas

- $79.3 mln
- 1kg = $3.2

Hosiery socks

- $21.2 mln
- 1kg = $8

Tissue

- $73.8 mln
- 1kg = $10

Sewing products

- $129.3 mln
- 1kg = $16

Mixed fabrics

- $20 mln
- 1kg = $15
Average capacity utilization
79.1%

- 608,000 Tons of yarn 82.6%
- 548,6 Mln sq. meter yarn 82.5%
- 3.6 Trln. Sum of sewing products 72.4%

- 174,800 Tons of knitted fabric 88.3%
- 304,3 Mln pairs of hosiery products 78.2%
- 959,4 Mln pcs of knitwear 71.1%
The total number of employed people in Textile Industry:

- 320,000 in 2020
- 1792 | 0.6% designers
- 5440 | 1.7% engineers
- 3840 | 1.2% technicians
- 309 | 96.5% manufacturing personnel

Need for additional human resources:

- 19 thousands
- 4000 | With Higher Education
  - Engineers, marketers, designer specialists in electronic and mechanic system, programmers of modern types of equipment etc.
- 15000 | With Secondary Education
  - Operators, electro mechanics, IT specialists, agronomists, etc.

Modernizing the training system of personnel:

Tashkent Institute of Textile and Light Industry

Creation of a joint University with the involvement of leading foreign partners
Creation of a network of modern joint colleges for the training of basic personnel
PRODUCTIVITY OF COTTON–TEXTILE CLUSTERS

- **Productivity lower than 20 c/ha**
- **Productivity from 20 c/ha to 30 c/ha**
- **Productivity higher than 30 c/ha**

- **5 Clusters**
  - Productivity higher than 35 c/ha

- **30 Clusters**
  - Productivity higher than 30 c/ha
  - Productivity is higher 2 times compared to the last year

- **2 Clusters**
  - Productivity is higher 1.5 times compared to the last year

- **13 Clusters**
  - Productivity is higher compared to the last year

- **2 Clusters**
  - Productivity is lower compared to the last year

Legend:
- **Red**
  - Non-cluster cotton seeding regions
- **Blue**
  - Productivity from 20 c/ha to 30 c/ha
- **Green**
  - Productivity higher than 30 c/ha
PRODUCTIVITY OF COTTON-TEXTILE CLUSTERS

- Number of clusters in 2018: 15 (16%)
- Cotton produced by Clusters (mln. tons) in 2018: 0.4 (16%)
- Average productivity of the Clusters (c/ha) in 2018: 21.5

- Number of clusters in 2019: 75 (63% of the area)
- Cotton produced by Clusters (mln. tons) in 2019: 1.8 (66% from cotton yield)
- Average productivity of the Clusters (c/ha) in 2019: 27

More than 4.1 c/ha from in non-Cluster established regions

ACTIONS AIMED AT INCREASING CLUSTER PRODUCTIVITY

- The provision of organic fertilizers: 138.2
- Drip irrigation: 10.1
- Laser leveling: 9.4
- Deep plowing: 149.2

Of the area: 63%
From cotton yield: 66%
TECHNOLOGICAL TRANSFORMATION

DEVELOPMENT AND IMPLEMENTATION OF NEW TECHNOLOGIES

Improved Cotton Production and Harvesting Technologies

REDUCTION OF THE «HUMAN FACTOR»

Monitoring technological status of equipment and production processes

UZTEX

Analysis data from information systems

FULL CAPACITY UTILIZATION

COST OPTIMIZATION, IMPROVING THE QUALITY AND PRODUCTIVITY

BAKANTEX

Automated control and efficiency

Bofanda

RESOURCES EFFICIENCY
**ACTUAL RESULT**

**“PLASTEX KONLIKUL” LLC**
- Total cost – 37.8 mln.USD
- Yearly capacity – 11.0 thousand tons cotton yarn
- New jobs – 350
- Start-up time – January, 2019
- Export capacity – 20.0 mln.USD

**“KHANTEX GROUP” LLC**
- Total cost – 41.7 mln.USD
- Yearly capacity – 9.0 thousand tons cotton yarn, 2.4 thousand tons knitted fabric, 5.0 mln. sq.m. cotton fabric
- New jobs – 350
- Start-up time – December, 2019
- Export capacity – 17.0 mln.USD

**“BCT CLUSTER” LLC**
- Total cost – 39.0 mln.USD
- Yearly capacity – 9.2 thousand tons cotton yarn, 12 mln. sq.m. jeans fabric
- New jobs – 575
- Start-up time – May, 2019
- Export capacity – 12.0 mln.USD

**“SANGZOR TEXTILE” LLC**
- Total cost – 24.9 mln.USD
- Yearly capacity – 7.0 thousand tons cotton yarn
- New jobs – 350
- Start-up time – October, 2019
- Export capacity – 10.0 mln.USD

**“ART SOFT TEX” LLC**
- Total cost – 32.4 mln.USD
- Yearly capacity – 12.0 mln. pieces of towels
- New jobs – 990
- Start-up time – February, 2019
- Export capacity – 20.0 mln.USD

**“AFRASIYAB JEANS TEXTILE” LLC**
- Total cost – 36.8 mln.USD
- Yearly capacity – 20.0 mln. sq.m. jeans fabric
- New jobs – 400
- Start-up time – September, 2019
- Export capacity – 10.0 mln.USD
70% export accounts only the markets of 3 states

<table>
<thead>
<tr>
<th>Country</th>
<th>Market Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>$540 mln</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>$385 mln</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>$154 mln</td>
</tr>
</tbody>
</table>

30% Other countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Market Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>$465 mln</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
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<tr>
<td>Egypt</td>
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<tr>
<td>Latvia</td>
<td></td>
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<tr>
<td>Lithuania</td>
<td></td>
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<tr>
<td>Azerbaijan</td>
<td></td>
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<tr>
<td>Italy</td>
<td></td>
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<tr>
<td>Afghanistan</td>
<td></td>
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<tr>
<td>Czech Republic</td>
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<tr>
<td>etc...</td>
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</tbody>
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Promising markets Market volumes of Textile

<table>
<thead>
<tr>
<th>Country</th>
<th>Market Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>$65 bln.</td>
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<tr>
<td></td>
<td>$143 bln.</td>
</tr>
</tbody>
</table>
International Standards Implemented

National Standards must be aligned with International

<table>
<thead>
<tr>
<th>Standard</th>
<th>Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO - 9001</td>
<td>800+</td>
</tr>
<tr>
<td>ISO - 50001</td>
<td>10+</td>
</tr>
<tr>
<td>OEKO - TEX Standard</td>
<td>35+</td>
</tr>
<tr>
<td>BSCI</td>
<td>15+</td>
</tr>
<tr>
<td>Sedex</td>
<td>15+</td>
</tr>
<tr>
<td>GOTS</td>
<td>1</td>
</tr>
</tbody>
</table>

Reduction of customs duties on the Import of Uzbek Textile

<table>
<thead>
<tr>
<th>Country</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Korea</td>
<td>8-13%</td>
</tr>
<tr>
<td>China</td>
<td>5-14%</td>
</tr>
<tr>
<td>Turkey</td>
<td>4-26%</td>
</tr>
<tr>
<td>European Union</td>
<td>3-12%</td>
</tr>
<tr>
<td>Japan</td>
<td>5-13%</td>
</tr>
</tbody>
</table>

Planned Measures:

- Preferential trade agreements
- IPC meetings
- Signing a GSP+ agreements
- APCO «Cotton Campaign» cancellation
Promising areas of investment in the textile industry

- Sport shoes
- Polyester&Spandex Fabric for Sportswear
- Personal protective equipment
- Sports accessory
Investment proposals for further localization in Uzbekistan

- Production of yarn
- Processing of cotton
- Production of artificial fibers
- Production of mixed fiber threads and fabrics
- Production of mixed fabrics
Thank you for attention